



Staff Contact: Russ Vought (x68581)

November 18, 2005

DRAFT

Appropriations Policy Brief

H.R. 2528 — Military Quality of Life Appropriations Act for FY 2006 Conference Report

BY THE NUMBERS:

In Millions of Dollars

	FY05 Enacted	FY06 Request	FY06 House Bill	FY06 Senate Bill	FY06 Conf Report*
Appropriations	41,451	43,123	43,906	44,377	44,143
<i>Emergency</i>	<i>1,500</i>	<i>1,977</i>	<i>0</i>	<i>1,977</i>	<i>1,225</i>
Total	42,951	45,100	43,906	46,354	45,368

*A CBO score is not yet available. All conference report figures are based on information provided by the House Appropriations Committee.

Excluding Emergency Appropriations, the Committee Bill is:

- \$2.7 billion (6.5%) more than last year
- \$1 billion (2.3%) more than the request
- \$237 million (0.5%) more than the House-passed bill
- \$234 million (0.5%) less than the Senate-passed bill

Budget Compliance: A CBO cost estimate is not yet available. However, at the Committee's asserted level of \$44.1 billion, the bill would be within the 302(b) allocation of the Military Quality of Life and Veterans Affairs Appropriations Subcommittee and would comply with the Budget Act. However, the bill provides \$1.2 billion in emergency spending for VA healthcare (see below). Since this funding will be designated as an emergency, it will not count against the budget resolution's top level for discretionary spending of \$843 billion.

Items of Note:

Veterans Medical Care: Increases veterans medical care by \$1.7 billion from \$20.8 billion (including \$1.5 billion already provided in FY05 emergency funding) to \$22.5 billion (including

\$1.2 billion in new FY06 emergency spending), an increase of 8% over last year. The bill does **NOT** contain the Administration's proposals to increase co-pays and deductibles.

Earlier this year, the VA announced budget shortfalls for veterans healthcare of \$1 billion in FY05 and \$1.5 billion in FY06, as a result of an outdated projection of healthcare demand. The FY05 projection was three-years old and off by roughly 3%. According to Secretary Jim Nicholson's testimony, \$273 million or 28% of the \$1 billion was due to veterans returning from current combat theatres. This showed that 72% of the unexpected costs in FY05 stemmed **not** from an unwillingness to accurately account for the full cost of the War on Terror, but rather a breakdown in the VA's normal accounting of its budgetary needs. The FY06 Interior appropriations conference report (P.L. 109-54) contained \$1.5 billion in emergency spending to address the FY05 shortfall; this bill addresses the FY06 gap in veterans healthcare by providing \$1.2 billion in emergency spending. **Note:** This emergency is contingent on the President also designating this funding an emergency.

Contracting Restrictions: Prohibits funds from being spent on "cost-plus-a-fixed-fee" construction contracts if they exceed \$25,000 – except for contracts in Alaska. Under cost-plus-fixed-fee contracts, a contractor is less responsible for the actual costs of performing the contract because the profit has already been negotiated.

Spangdahlem Air Base Housing: Requires that the Secretary of the Air Force perform a cost-benefit analysis within 45 days of enactment of all the housing options, including build-to-lease, to address the housing need at Spangdahlem Air Base in Germany. This analysis must be submitted and approved by the Committee before any funds could be spent on such housing.

Flag Officer Renovations: Limits the amount of funding for renovating a general or flag officers quarters to \$35,000 per year. In the past, the Committee expressed concern in report language that a substantial portion of major renovation costs were customer driven or demanded by officers residing in those quarters (according to a GAO investigation).

This document was created with Win2PDF available at <http://www.daneprairie.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.